

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Solar Power Solutions

Catalyst Connection

Finding a Survival Solution for Solar Power Industries

Client Profile:

Solar Power Industries, located in Belle Vernon, Pennsylvania, is the country's largest independent producer of solar cells, power modules and systems. The company began as a division of Westinghouse, developing Solar Web Technology, long thin webs of silicon, perfect for large scale production of solar cells. The technology was sold to Ebara Japan, and became known as Ebara Solar, Inc. From the date of purchase until 2002, over 80 million dollars was put into developing efficient, flexible solar cells based on silicon growth technology.

Situation:

In late October of 2002, as part of a financial restructuring, Ebara Japan decided to pull the plug on Ebara Solar, shut down the operation and sell the assets to the highest bidder. The company management had four months to figure out whether to close/sell the operation or find a way of making it a viable entity all on its own. Ebara Solar's CEO, Richard Rosey, and other senior management felt the operation was still a going concern. They contacted several business development groups that they had worked with in the past. They decided that in order to develop a business plan to present to investors, as well as keep the company alive and in Belle Vernon, a marketing study was required. The company brought in Catalyst Connection, a NIST MEP network affiliate, to help it through the transformation process.

Solution:

Catalyst Connection, as a third party researcher, was able to obtain competitive pricing and market information, identify potential customers, perform trial sales to determine market validity, and determine what customers were looking for in terms of product lifetimes, efficiencies, quantities, price and volume points for solar power cell suppliers.

It was a level of market intelligence that Ebara Solar, primarily an R&D company, was never able to obtain before. What it revealed was that, while there was a very small market for the thin flexible Solar Web Technology solar cells, there was a potentially large market for the other half of the facility that was turning silicon wafers into a solar cells and assemblies. According to the research, that half of the operation was cost competitive, provided outstanding quality and had the potential to be a solid ongoing business.

After a capability assessment, it was decided that the company had the resources to shift from a research and development based company to a product driven one. All that was needed was investors to buy out the company from Ebara. Just as the business plan containing the Catalyst Connection marketing data was being completed, all of the assets were bankruptcy auctioned. King of Fans, a China based company that sells Hampton Bay fans to Home depot under contract, purchased everything. Using the business plan as a strong negotiating tool, Dick Rosey and John Easoz, the former production manager, demonstrated to the new owner that by keeping the company right where

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it was, it could be a successful commercial and profitable growth business. King of Fans agreed, and Solar Power Industries was born in early 2004.

In the first six months of operation, the facility was upgraded, new production equipment was purchased, twenty-five staff workers regained their jobs and the business, now a full blown, competitive, flexible solar cell and module producer, began to grow. Production is currently projected to double within a year based on strong international sales and optimistic forecasts of increased commercial solar use.

Results:

- * Achieved a more competitive and profitable position.
- * Increased sales.
- * Increased working capital.
- * Invested in new equipment and facility improvements.
- * Increased productivity expected to double in 2004.
- * Retention of jobs

Testimonial:

"If it weren't for the business plan, we wouldn't have twenty five jobs still in Pennsylvania. Without the outstanding marketing research provided by Catalyst Connection, the business plan would not have worked."

John Easoz, Executive Vice President